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Changes In U.S. Meat Import Law

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On December 31, 1979, the President signed into law Public Law 96-177, the Meat Import Act of 1979. This law replaces all provisions of Section 2 of the Act of August 22, 1964 (P.L. 88-482) that provide for the imposition of import controls on certain fresh, chilled, and frozen beef, veal, mutton, and goat meat products. Like its predecessor, the new law mandates quantitative import controls if imports are expected to exceed 110 percent of formula quantity. The most widely publicized feature of the 1979 Act is its "countercyclical" approach to computing the allowable import level, but other aspects of the 1964 Act have been changed as well.

Tariff Coverage

In addition to fresh, chilled, and frozen meat of cattle, sheep (except lambs) and goats (TSUS 106.10, 106.22, and 106.25), certain other prepared and preserved beef and veal products (TSUS 107.55, 107.61, and 107.62) have also come under the law.[1] TSUS 107.55 covers prepared and preserved beef and veal that has not been cured, pickled, or canned, and is valued at not over 30¢ per pound. Due to inflation, imports under this category have been negligible for several years, and are expected to remain so.

TSUS 107.62 is one of two new tariff categories created by subdividing the former tariff line 107.60 ("Beef and veal, prepared, but not otherwise preserved, valued over 30¢ per pound"). The purpose of the subdivision was the creation of a new category for fancy beef cuts, on which the United States made a tariff concession in the Tokyo Round of Multilateral Trade Negotiations. Fancy cuts entering under this tariff line (107.61) are not included in required estimates of calendar year imports, but are subject to controls if limitations are imposed under the law.

Import Estimates and Controls

The Secretary of Agriculture must publish an adjusted base quantity for the coming year's imports before January 1 of each year. This quantity is computed on the basis of past U.S. production levels and projections for the coming year, and is not revised as the year advances.

The Secretary of Agriculture also publishes quarterly estimates of the quantity of meat products covered by the Meat Import Act (except those in TSUS 107.61) that would enter the United States during the year without the imposition of limitations under the law.[2] The first quarterly import estimate is published along with the year's adjusted base-quantity level before January, with subsequent estimates appearing before April 1, July 1, and October 1. These quarterly estimates are published in a USDA press release before the beginning of the quarter, and they appear in the Federal Register on or about those dates as well.

If the Department's estimate of imports in the absence of quotas equals or exceeds 110 percent of the adjusted base quantity level determined at the beginning of the year, the President must proclaim that total imports for the calendar year will be limited to the adjusted base-quantity level (but not less than 1,250 million pounds). It is up to the Secretary of Agriculture to allocate country shares within this global total, on the basis of the shares of the U.S. market that supplying countries had during a previous representative period, with due account given to special factors affecting meat and cattle trade. These allocations are then certified to the Secretary of the Treasury, who has responsibility for their implementation.

Import limitations may be proclaimed at the beginning of any calendar quarter. They may also be removed at the beginning of a quarter on the basis of a change in the estimate for total calendar year imports, except that if limitations have been imposed for the third quarter, they may not be removed on the basis of the fourth

[1] *For a detailed description of these tariff items, see Appendix.*

[2] *All factors likely to affect the level of imports are considered in arriving at this import estimate, including supplies in exporting countries; demand in the United States and other import markets; the existence of voluntary restraint agreement (VRA's) between the United States and supplying countries; and, once the year is under way, actual U.S. Customs entries.*

quarterly estimate, but must be maintained at least until the beginning of the first quarter of the following year.

Formula for the Adjusted Base Quantity

The Meat Import Act of 1979 provides for a basic import level of 1,204.6 million pounds (product weight) of meat products covered in the law. This base quantity—the average import level for the years 1968-1977—is modified annually by two factors: A production adjustment factor and a countercyclical factor.

The production adjustment factor is a 3-year moving average of the domestic production of meats covered in the present law, divided by average U.S. production of those meats in the years 1968-77. Estimated production for the coming year is used for the third year of the three-year moving average, which is the numerator of this factor. The law states that the carcass weight equivalent for all imported cattle other than dairy and breeding cattle must be deducted from the U.S. production total for each year involved in the computations.

In the long run, the production adjustment factor will tend to increase the allowable import level in line with the long-run trend in U.S. beef production. However, in the shorter term, the production adjustment factor in the 1979 law (like that in the 1964 law) would, according to some analysts, tend to allow imports to exacerbate the price effects of the domestic cattle cycle by increasing imports during the liquidation phase of the cycle, when beef supplies are already plentiful.

To correct this perceived flaw in the formula, a countercyclical factor is also used to modify the base quantity level. The countercyclical factor is a 5-year moving average of the U.S. per-capita supply of cow beef, divided by a 2-year moving average of the per capita cow-beef supply.[1] A current forecast of the coming year's per-capita cow beef supply is used in computing both the numerator and the denominator of this factor.

When the U.S. cattle industry is in the liquidation phase of the cattle cycle and beef production is relatively high, the denominator of the countercyclical factor (2-year average) will be larger than the numerator of the factor (5-year average). Therefore the factor will tend to reduce the allowable level of imports. When the cattle cycle turns to the rebuilding phase and production is low, the numerator will be larger than the denominator, and the import level will be increased. In 1980, a year of reduced domestic beef production, the countercyclical factor increased the allowable import level by about 30 percent.

The use of the cow-beef fraction of U.S. beef supplies in the countercyclical factor serves two purposes. In the first place, imported beef tends to be of a manufacturing quality most directly competitive with cow beef. Further, the level of cow slaughter is a fairly sensitive indicator of developments in the U.S. cattle production/inventory cycle, since cow slaughter directly reflects producer decisions on breeding herd expansion or reduction.

Once the adjusted base quantity level for a particular year has been calculated, the key point of reference for import estimates is not the adjusted base quantity, but rather the "trigger point" or "trigger level," which is 110 percent of the adjusted base quantity. It is only when imports are expected to exceed the 110 percent figure that controls must be imposed.

Presidential Authority

The President has limited authority to suspend quantitative limitations proclaimed under the Meat Import Act. When the countercyclical factor is 1.0 or greater (limited domestic cow beef supplies), the President may suspend limitations on meat imports or increase the import level by proclaiming that the action is required by overriding economic or national security interests of the United States—giving special weight to the importance to the Nation of the economic well-being of the U.S. cattle industry—or by declaring that the supply of meats covered by the law will be insufficient to meet U.S. demand at reasonable prices if limits are in effect. He may also suspend the limitations if trade agreements entered into after December 31, 1979 will ensure that the imports will not exceed the adjusted base quantity level for the year.

These conditions are identical to those required for a suspension of import limitations under the 1964 law. However, the 1979 law adds the requirement that the President must publish a statement of intent to lift the import limitations in the Federal Register, and allow a 30-day comment period before the action.

When the countercyclical factor is below 1 (ample domestic cow beef supplies), the President's authority to suspend limitations is further restricted. Limitations must remain in place unless—during a declared national emergency—the President proclaims that the suspension is in the national security interests of the United States, or unless there is a shortage resulting from a national disaster, disease, or major market disruption. However, the law states that if actual data for the first two quarters indicate that the countercyclical factor for the year should be 1.0 or more, then these severe restrictions no longer apply.

Import Floor

Regardless of formula calculations, the President may not restrict imports under the Meat Import Act to less than 1,250 million pounds.

Voluntary Restraint Agreements

In some past years in which it appeared likely that imports would exceed 110 percent of the adjusted base quantity under the 1964 Act, the U.S. Government has negotiated a program of voluntary restraint agreements (VRA's) and exchanged letters with supplying countries to ensure that total imports of meats covered by the law would not exceed the trigger level. By this device, the U.S. Government has, for the most part, avoided having to impose and administer formal import quotas, while supplying countries have been guaranteed equitable shares of the largest, practical total volume of imports under the law.

Authority for the negotiation of VRA's is found not in the Meat Import Act itself, but in Section 204 of the Agricultural Act of 1956. VRA's have served as a useful adjunct to the Meat Import Act because, when VRA's are in effect, the Secretary of Agriculture has the delegated authority to issue regulations (with concurrence of the Secretary of State and the U.S. Trade Representative) to ensure compliance with the import levels agreed upon in the VRA's.

[1] *In practice, U.S. federally inspected cow slaughter is used as a proxy for the total cow-beef supply, since data on nonfederally inspected cow slaughter are not available. If figures for federally inspected slaughter were expanded by some percentage to estimate a total cow slaughter figure, the computed countercyclical factor would be unchanged.*

The Secretary may also require through bills of lading to control transshipments, and take other measures to ensure a smoothly operating program.

Relative country shares within VRA programs from 1975 through 1979 were based in general on import volumes during 1973 and 1974, when no import limitations were in place. Future country shares, either within VRA programs, or within formal limitations under the Meat Import Act itself, will probably be influenced to some extent by import shares in 1980 and any subsequent "open" import years.

Import Monitoring and Control

The U.S. Customs Service monitors all meat imports subject to the Meat Import Act. When a VRA program is in effect, the Customs Service, on direction from the Department of Agriculture, institutes special procedures to monitor imports from any country approaching its limit to help ensure that imports from that country do not exceed the negotiated level.

The Customs Service is responsible for assuring that USDA regulations implemented to carry out the VRA's are enforced, and, if formal quotas are in place under the Import Act, that imports for each country are held to levels the Secretary of Agriculture has determined. Countries not on the allocation list established by the Secretary of Agriculture may not export meats covered under the law to the United States, as long as the import restrictions remain in effect.

The Foreign Agriculture Service, USDA, publishes tables of cumulative imports under the Meat Import Law and a summary of the world supply situation on a quarterly schedule. A 1-page weekly summary of cumulative imports under the law by country is also available from FAS upon request. (Dairy, Livestock, and Poultry Division, Foreign Agricultural Service, USDA, 14th and Independence Ave., S.W., Washington, D.C. 20250).

For further information contact the Division, (202) 447-9129 or 447-7198.

APPENDIX A: Tariff Headings for Meats Subject to Import Controls Under U.S. Meat Import Law (P.L. 96-177)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS
Part 2. - Meats

TSUSA #		MFN Duty
	Subpart B. - Meats Other Than Bird Meat	
	Subpart B headnote:	
	1. For the purposes of this subpart —	
	(a) The term *"fresh, chilled, or frozen"* covers meats even though completely detendonized and deboned, but does not cover meats which have been prepared or preserved; and	
	(b) the term *"prepared or preserved"* covers meats even if in a fresh, chilled, or frozen state if such meats have been ground or comminuted, diced or cut into sizes for stew meat or similar uses, rolled and skewered, or specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer; and also covers meats which have been subjected to processes such as drying, curing, smoking, cooking, seasoning, flavoring, or to any combination of such processes.	
	Meats (except meat offal), fresh, chilled, or frozen, of all animals (except birds):	
106.10	Cattle	2.5¢ per lb.
	Beef, with bone:	
	Fresh or chilled	
	Frozen	
	Beef, without bone	
	Other (veal)	
106.22	Sheep (except lambs)	2.3¢ per lb.
106.25	Goats	2.2¢ per lb.
	Beef and veal, prepared or preserved (except sausages):	
	Beef or veal, cured or pickled:	
	Valued not over 30 cents per pound	
	Valued over 30 cents per pound	
	Beef in airtight containers:	
	Corned beef	
	In containers holding not more than 2 pounds	
	In containers holding more than 2 pounds	
	Other	
	In containers holding not more than 2 pounds	
	In containers holding more than 2 pounds	
	Other:	
107.55	Valued not over 30 cents per pound	2.5¢ per lb.
	Valued over 30 cents per pound:	
	Prepared, whether fresh, chilled, or frozen, but not otherwise preserved:	
107.61	Beef specially processed into fancy cuts, special shapes, or otherwise made ready for particular uses by the retail consumer (but not ground or comminuted, diced or cut into sizes for stew meat or similar uses, or rolled or skewered), which meets the specifications in regulations issued by the U.S. Department of Agriculture for Prime or Choice beef, and which has been so certified prior to exportation by an official of the government of the exporting country, in accordance with regulations issued by the Secretary of the Treasury after consultation with the Secretary of Agriculture	7% ad val.
107.62	Other	10% ad val.
	Other	

NOTE: Only those items whose tariff numbers appear in the left hand column are subject to import controls under the Meat Import Law.

APPENDIX B: Operation of U.S. Meat Import Law[1] 1965-1980
[In million pounds]

Year	Adjusted Base Quantity	Trigger level	Actual Imports	Import Program
1965	848.7	933.6	613.9	No restrictions.
1966	890.1	979.1	823.4	No restrictions.
1967	904.6	995.1	894.9	No restrictions.
1968	950.3	1045.3	1001.0	Formal VRA's with Australia and New Zealand negotiated in August; other exporters asked not to exceed scheduled shipments.
1969	988.0	1086.8	1084.1	VRA's negotiated with all supplicrs except Canada and the United Kingdom.
1970	998.8	1098.7	1170.6	VRA program negotiated below trigger level; quotas imposed and suspended at midyear and new restraint levels established for participating countries. Section 204 used to control transshipments through Canada.
1971	1025.0	1127.5	1132.6	Quotas imposed and suspended; VRA program negotiated at revised 1970 level.
1972	1042.4	1146.6	1355.5	VRA program negotiated, but program suspended at midyear to encourage imports.
1973	1046.8	1151.5	1355.6	Quotas imposed and suspended; no restrictions.
1974	1027.9	1130.7	1079.1	Quotas imposed and suspended; no restrictions.
1975	1074.3	1181.7	1208.9	VRA program negotiated with most supplying countries.
1976	1120.9	1233.0	1231.7	VRA program negotiated, but quotas required in last quarter.
1977	1165.4	1281.9	1250.2	VRA program negotiated, supported by letter of understanding, with Canada.
1978	1183.9	1302.3	1485.5	VRA program negotiated at beginning of year, but, quotas imposed and suspended to allow a 200-million-pound increase in the VRA program in June.
1979	1131.6	1244.8	1533.7	Quotas imposed and suspended, VRA program negotiated above trigger level.
1980[2]	1516.0	1667.6	—	No restrictions.

[1]P.L. 88-482 from 1965, replaced by P.L. 96-177 in 1980.
[2]Countercyclical law (P.L. 96-177) in effect.

SOURCE: Official files; U.S. Bureau of Census statistics.

April 1980 Commodity Programs, FAS, USDA

Public Law 96-177
96th Congress

An Act

To modify the method of establishing quotas on the importation of certain meat, to include within such quotas certain meat products, and for other purposes.

Dec. 31, 1979
[H.R. 2727]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of August 22, 1964, entitled "An Act to provide for the free importation of certain wild animals, and to provide for the imposition of quotas on certain meat and meat products" (19 U.S.C. 1202 note) is amended to read as follows:

Meat imports, quota modifications.

"SEC. 2. (a) This section may be cited as the 'Meat Import Act of 1979'.

Meat Import Act of 1979.

"(b) For purposes of this section—

Definitions.

"(1) The term 'entered' means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

"(2) The term 'meat articles' means the articles provided for in the Tariff Schedules of the United States (19 U.S.C. 1202) under—

"(A) item 106.10 (relating to fresh, chilled, or frozen cattle meat);

"(B) items 106.22 and 106.25 (relating to fresh, chilled, or frozen meat of goats and sheep (except lambs)); and

"(C) items 107.55 and 107.62 (relating to prepared and preserved beef and veal (except sausage)), if the articles are prepared, whether fresh, chilled, or frozen, but not otherwise preserved.

"(3) The term 'Secretary' means the Secretary of Agriculture.

"(c) The aggregate quantity of meat articles which may be entered in any calendar year after 1979 may not exceed 1,204,600,000 pounds; except that this aggregate quantity shall be—

"(1) increased or decreased for any calendar year by the same percentage that the estimated average annual domestic commercial production of meat articles in that calendar year and the 2 preceding calendar years increases or decreases in comparison with the average annual domestic commercial production of meat articles during calendar years 1968 through 1977; and

"(2) adjusted further under subsection (d).

For purposes of paragraph (1), the estimated annual domestic commercial production of meat articles for any calendar year does not include the carcass weight of live cattle specified in items 100.40, 100.43, 100.45, 100.53, and 100.55 of such Schedules entered during such year.

"(d) The aggregate quantity referred to in subsection (c), as increased or decreased under paragraph (1) of such subsection, shall be adjusted further for any calendar year after 1979 by multiplying such quantity by a fraction—

"(1) the numerator of which is the average annual per capita production of domestic cow beef during that calendar year (as

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estimated) and the 4 calendar years preceding such calendar year; and

"(2) the denominator of which is the average annual per capita production of domestic cow beef in that calendar year (as estimated) and the preceding calendar year.

"Domestic cow beef."

For the purposes of this subsection, the phrase 'domestic cow beef' means that portion of the total domestic cattle slaughter designated by the Secretary as cow slaughter.

"(e) For each calendar year after 1979, the Secretary shall estimate and publish—

"(1) before the first day of such calendar year, the aggregate quantity prescribed for such calendar year under subsection (c) as adjusted under subsection (d); and

"(2) before the first day of each calendar quarter in such calendar year, the aggregate quantity of meat articles which (but for this section) would be entered during such calendar year.

In applying paragraph (2) for the second or any succeeding calendar quarter in any calendar year, actual entries for the preceding calendar quarter or quarters in such calendar year shall be taken into account to the extent data is available.

"(f)(1) If the aggregate quantity estimated before any calendar quarter by the Secretary under subsection (e)(2) is 110 percent or more of the aggregate quantity estimated by him under subsection (e)(1), and if there is no limitation in effect under this section for such calendar year with respect to meat articles, the President shall by proclamation limit the total quantity of meat articles which may be entered during such calendar year to the aggregate quantity estimated for such calendar year by the Secretary under subsection (e)(1); except that no limitation imposed under this paragraph for any calendar year may be less than 1,250,000,000 pounds. The President shall include in the articles subject to any limit proclaimed under this paragraph any article of meat provided for in item 107.61 of the Tariff Schedules of the United States (relating to high-quality beef specially processed into fancy cuts).

19 USC 1202 note.

"(2) If the aggregate quantity estimated before any calendar quarter by the Secretary under subsection (e)(2) is less than 110 percent of the aggregate quantity estimated by him under subsection (e)(1), and if a limitation is in effect under this section for such calendar year with respect to meat articles, such limitation shall cease to apply as of the first day of such calendar quarter. If any such limitation has been in effect for the third calendar quarter of any calendar year, then it shall continue in effect for the fourth calendar quarter of such year unless the proclamation is suspended or the total quantity is increased pursuant to subsection (g).

Publication in Federal Register.

"(g) The President may, after providing opportunity for public comment by giving 30 days' notice by publication in the Federal Register of his intention to so act, suspend any proclamation made under subsection (f), or increase the total quantity proclaimed under such subsection, if he determines and proclaims that—

"(1) such action is required by overriding economic or national security interests of the United States, giving special weight to the importance to the Nation of the economic well-being of the domestic cattle industry;

"(2) the supply of meat articles will be inadequate to meet domestic demand at reasonable prices; or

"(3) trade agreements entered into after the date of enactment of this Act insure that the policy set forth in subsections (c) and (d) will be carried out.

Any such suspension shall be for such periods, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection.

"(h) Notwithstanding the previous subsections, the total quantity of meat articles which may be entered during any calendar year may not be increased by the President if the fraction described in subsection (d) for that calendar year yields a quotient of less than 1.0, unless—

"(1) during a period of national emergency declared under section 201 of the National Emergencies Act of 1976, he determines and proclaims that such action is required by overriding national security interests of the United States; 50 USC 1621.

"(2) he determines and proclaims that the supply of articles of the kind to which the limitation would otherwise apply will be inadequate, because of a natural disaster, disease, or major national market disruption, to meet domestic demand at reasonable prices; or

"(3) on the basis of actual data for the first two quarters of the calendar year, a revised calculation of the fraction described in subsection (d) for the calendar year yields a quotient of 1.0 or more.

Any such suspension shall be for such period, and any such increase shall be in such amount, as the President determines and proclaims to be necessary to carry out the purposes of this subsection. The effective period of any such suspension or increase made pursuant to paragraph (1) may not extend beyond the termination, in accordance with the provisions of section 202 of the National Emergencies Act of 1976, of such period of national emergency, notwithstanding the provisions of section 202(a) of that Act. 50 USC 1622.

"(i) The Secretary shall allocate the total quantity proclaimed under subsection (f)(1) and any increase in such quantity provided for under subsection (g) among supplying countries on the basis of the shares of the United States market for meat articles such countries supplied during a representative period. Notwithstanding the preceding sentence, due account may be given to special factors which have affected or may affect the trade in meat articles or cattle. The Secretary shall certify such allocations to the Secretary of the Treasury.

"(j) The Secretary shall issue such regulations as he determines to be necessary to prevent circumvention of the purposes of this section. Regulations.

"(k) All determinations by the President and the Secretary under this section shall be final. Determinations.

Study, report and recommendations to congressional committees.

"(l) The Secretary of Agriculture shall study the regional economic impact of imports of meat articles and report the results of his study, together with any recommendations (including recommendations for legislation, if any) to the Committee on Ways and Means of the House of Representatives and to the Committee on Finance of the Senate not later than June 30, 1980.".

Effective date. 19 USC 1202 note.

SEC. 2. This Act shall take effect January 1, 1980.

Approved December 31, 1979.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 96-238 (Comm. on Ways and Means).
SENATE REPORT No. 96-465 (Comm. on Finance).
CONGRESSIONAL RECORD, Vol. 125 (1979):
Nov. 13, 14, considered and passed House.
Dec. 18, considered and passed Senate.
WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 15, No. 52:
Dec. 31, Presidential statement.

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